

**DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**

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**FACSIMILE TRANSMISSION  
LIHEAP INFORMATIONAL TRANSMITTAL NO.IT-2007-2**

DATE: January 19, 2007

TO: Low-Income Home Energy Assistance Program (LIHEAP) Service Providers

SUBJECT: 2007 LIHEAP PY Administrative and Policy Changes

This letter addresses several questions raised by the LIHEAP Service Providers (Network) with regards to administrative and policy changes related to the implementation of the 2007 LIHEAP Contract. In efforts to provide further clarification in these areas, the following is a general summary of the most commonly asked questions and corresponding responses:

**1) Why are we funded under a Continuing Resolution?**

In absence of an approved Federal Fiscal Year 2007 (FFY07) budget, the 2007 LIHEAP Contract is currently being funded by means of a Continuing Resolution (CR). While a final FFY07 appropriation has yet be determined, CSD has received approximately \$44 million in CR to support the continuation of LIHEAP services through the first and second quarters of FFY07. For administrative purposes, the department issued the 2007 LIHEAP Contract based on the assumption of FFY07 level funding; however, expenditures under the 2007 LIHEAP Program are limited to available CR funding, also referred to as "Authorized Expenditure Level."

**2) Explain the three spreadsheets I have received so far: Total Estimated FY 2007 LIHEAP Allocation, 2007 LIHEAP Initial Authorized Expenditure Level, and 2007 LIHEAP Second Authorized Expenditure Level.**

**Total Estimated FY 2007 LIHEAP Allocation** spreadsheet provides the Network with an estimated total contract allocation for budgeting and planning purposes. The Grand Total as noted on page 2 of this spreadsheet indicates \$88 million, which includes base funding (equal to the 2006 LIHEAP Program Year (PY) base funding allocation, leveraging, and carryover. Due to the inclusion of leveraging and carryover funding within the 2007 PY estimate allocation and the manner in which these funds are allocated, may produce differences between 2006 and 2007 PY base funding allocations.

**2007 LIHEAP Initial Authorized Expenditure Level** spreadsheet provides the distribution breakdown of the first CR funding release in the amount \$22 million, plus carryover and leveraging funds, which increased the total distribution of funds to \$24 million. This spreadsheet was distributed with the release of the 2007 LIHEAP Contract on December 21, 2006.

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**2007 LIHEAP Second Authorized Expenditure Level** spreadsheet provides the distribution breakdown for the first and second CR funding release in the total amount of \$44.6 million. In addition, this spreadsheet reflects the increase expenditure levels per the cumulative total of CR funding releases (first and second releases). This funding spreadsheet was released on January 17, 2007.

**3) Why am I asked to submit a budget based on the Total Estimated FY 2007 LIHEAP Allocation when in reality once the final appropriation is received by CSD, this may not be my actual contract amount?**

By completing a budget based on the Total Estimated FY 2007 LIHEAP Allocation, CSD has streamlined the contractual process by avoiding the need to complete formal amendments each time future CR funding releases are received from the federal government. Via the Authorization to Expend Letter and associated Authorized to Expenditure Level spreadsheet, the Network will remain apprized of their actual contractual allocation and CSD will closely monitor the expenditure reports to assure that the spending limits are not exceeded. CSD will amend the 2007 LIHEAP Contract when the final appropriation is received for the 2007 Program Year to account for any increases or reductions in funding.

**4) How much of an advance may I request and is there any flexibility?**

Based on the cumulative total of CR funding and in accordance with the terms of the 2007 LIHEAP Contract, Service Providers may request an advance of up to twenty-five percent (25%) of the total estimated 2007 LIHEAP Contract.

**5) Where in the contract can I find the language specific "Continuing Resolution"?**

Exhibit B, Budget Detail and Payment Provisions, Section 1. Budget Contingencies, B. Federal Budget Contingency 5) and 6), page 2 of the 2007 LIHEAP Contract.

**6) The cover letter to the 2007 LIHEAP Contract, dated December 21, 2006 made reference to the eligibility guidelines and provided the 2007 State Median Income (SMI) Guidelines. Are the eligibility guidelines for use in all LIHEAP program components, or for exclusive use in the non-consideration component?**

Effective January 1, 2007, the 2007 LIHEAP Eligibility Guidelines are to be used to determine income eligibility for all program components and services offered under the 2006 and 2007 LIHEAP PYs.

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I hope the information outlined above proves successful in providing you with a better understanding of administrative and policy changes. Should you have additional questions or require further clarification, please contact your assigned Field Representative.

A copy of this notice will be faxed to all LIHEAP Service Providers and will be posted on CSD's website at <http://www.csd.gov> (under "Contractor's Use Only"). If you have any questions regarding the above clarification, please contact your Field Representative or you can contact me directly at (916) 341-4341.

Sincerely,



KATHY ELY

Senior Manager

Energy and Environmental Services